

17 December 1976

MEMORANDUM FOR: Inspector General

FROM : John F. Blake
Deputy Director for Administration

SUBJECT : Agency Relations with the U.S. Business
Community - November 1976

REFERENCE : Your Report (ZOD-0015/76), dated November
1976; Same Subject

1. At the outset, let me say that those of us in this Directorate who have reviewed the subject report have generally found it to be forthright, objective and it contains some well thought-out recommendations. We extend our compliments to the inspectors who made the investigation and wrote the report. There are, however, a few comments which we feel we should make some of which are relatively minor but some of which are significant.

2. As we noted earlier on a less formal basis, we feel any and all reference to the report of the House Select Committee on Intelligence should be deleted inasmuch as the House itself voted not to issue a report. If we in the Agency recognize any part(s) of such an alleged report we may fall into a position where some persons could claim we recognize the report as official and factually accurate. This I'm sure you will agree we do not choose to do.

3. With regard to those statistics which are referred to on pages 16 and 17 and again on pages 2, 3, 23, 24, and 25 of the attachment, we note that there is a heavy emphasis placed on dollar amounts as measurements of workload as opposed to the contract actions themselves such as the contract itself, an amendment, change order, an overrun in short work where dollars may not necessarily be involved. Our experiences tell us that it is frequently false and misleading to use dollars when considering workload in these

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cases and we feel that the report should do likewise.
Additionally a clear distinction should be made between the

[REDACTED]
presents the only true statistical norm against which one
could judge the deployment of manpower.

4. On page 13 under the subject "Accommodation Procurement", you should be aware that the Director of Logistics did give a presentation to the Executive Advisory Group on this subject which was well received and noted by not only the members but especially by the DDCI. The Director of Logistics outlined the scope of the current situation and identified potential problem areas and as a result the DDO and DDS&T have agreed to examine further the policy questions which may be involved.

5. On page 16 the comment is made that "this centralization was a result of a 1966 recommendation by outside management consultants, the [REDACTED] Report." We believe the record should show that the centralized concept came about as a result of an Agency developed alternative recommendation and not the [REDACTED] Report. We would be most pleased to recount the sequence of events in greater detail should you so desire.

6. On page 18 in the paragraph which refers to DDS&T procurements where the Contract Review Board (CRB) exercises jurisdiction, it should be noted that this jurisdiction applies only to research and development contracts and also that it applies [REDACTED]
[REDACTED]

7. In this same paragraph it should be noted that the CRB does not "waive" examination in other areas (a waiver can only be granted by the Director of Logistics), if by this the writer means other Directorates and Independent Offices because the CRB does look at other sole source procurements provided the case falls under the CRB's jurisdiction. Further, the question of sole source versus competition is pursued in the Office of Logistics through constant reminders in the form of Procurement Notes to contracting officers and periodic oral briefings. If the Agency's record here is not as good as it might be (and there's some question here in our minds that it is not a good one), then perhaps senior managers should focus more attention on this problem.

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8. With regard to Recommendation 7 on page 18 concerning review of production and services contracts, you may want to mention the fact that the Office of Logistics is currently considering such a procedure and paperwork is being coordinated with the appropriate Agency components on this subject.

9. On page 21 in Recommendation 8, it should be noted that it is not for the Office of Logistics to review its T/O in comparison with other government organizations vis-a-vis personnel numbers and grade levels, but rather that of the Office of Personnel, particularly the Position Management and Compensation Division (PMCD). Furthermore, PMCD has just completed a review of this situation and is now in the process of finalizing their recommendations on this subject. Their report should be issued shortly.

10. On page 23 where reference is made to the fitness reports of all contracting officers we observe that it would not be possible for the Director of Logistics or a representative from his Office to prepare or write these reports. The current organizational structure and the lack of command jurisdiction would not permit an implementation of this recommendation. Furthermore, we are unaware of any situation which decries a need for a change.

11. Again, we would like to commend the survey team for their fine efforts and if we can be of any further assistance, please let us know. In the meantime we look forward to our forthcoming meetings on this subject.

/s/ John F. Blake

John F. Blake

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